

WEST HAYMARKET JOINT PUBLIC AGENCY (JPA)
Board Meeting
July 29, 2011

Meeting Began At: 3:30 P.M.

Meeting Ended At: 4:07 P.M.

Members Present: Chris Beutler, Tim Clare, Jayne Snyder

Item 1 - Introductions and Notice of Open Meetings Law Posted by Door

Chair Snyder opened the meeting with introductions of the Board members. She advised that the open meetings law is in effect and is posted in the back of the room.

Item 2 – Public Comment and Time Limit Notification

Snyder stated that individuals from the audience will be given a total of five minutes to speak on specific items listed on today's agenda. Those testifying should identify themselves for the official record and sign in.

Item 3 – Approval of the minutes from the JPA meeting held July 15, 2011

Snyder asked for any corrections or changes to the minutes from July 15, 2011. Hearing none, Beutler motioned for approval of the minutes. Clare seconded the motion. Motion carried 3-0.

Item 4 – West Haymarket Progress Report

Paula Yancey with PC Sports came forward and stated that overall the project is progressing well. The 10th and Salt Creek project is nearing completion with the contractor currently working on the east roundabout and the intersection of Stadium Drive and Salt Creek Roadway. The remaining items to be completed are the street lights, striping and the final seeding and mulch for the new Star City Federal parking lot. The infrastructure site prep surcharge will be completed tomorrow, on schedule. The arena pad site will still be turned over to Mortenson in mid September when the surcharge can be removed to begin foundation construction. The removal of contaminated soil continues. The contractors found some buried wood foundation as well as an abandoned rail car. The environmental team is looking at the car to determine what needs to be done with it.

The USPS parking lot construction continues with the Phase 1 utility work completed on the east side and the final paving and grading underway. The rail canopy remediation work began last week and the initial dismantling of the roof structure is under way. The core area roadway design is continuing with coordination from Urban Development, Public Works and the private development teams. The pedestrian bridge and festival lot concepts and estimates are complete with value engineering and budget review underway so that the final bridge design can be

selected. The Amtrak station building is currently under redesign due to Amtrak's desire to expand for a crew based operation moving to the Lincoln area. Budget review and value engineering on the initial building is currently underway as well as phasing for the platform and building. The concept option for Parking Garage 1 is complete with budget review and value engineering underway for the final selection of the garage exterior. New estimates were received and are under review by the project team for the DEC building.

Mortenson Construction has brought all of the designer assist contractors for the arena on board. They are working with the prospective engineering firms to finalize the design and estimate each of their scopes. Mortenson is doing estimates on the price guarantee document set that DLR has completed so that it can be brought to the Board for approval in September. An ADA Outreach Session has been scheduled for August 2nd at 5:00 PM at Pershing Auditorium so that interested parties in the community can learn about the design and ADA components that have been included in the arena. The Purchasing Department put out a Request for Proposals for the management of food and beverage operations in the arena. Only one proposal was submitted and negotiations will begin with that company soon.

Clare asked if everything is on track for the arena groundbreaking in mid September. Yancey stated that everything is on schedule with the dirt work being completed tomorrow allowing for the surcharge to be in place for the necessary amount of time. Clare then asked if everything is in order with respect to any audit that would come forward. Yancey answered that as far as she knows everything is in order. She is in the process of creating a final document set that will show that the contracts and the amounts paid match. Clare questioned Yancey about the subcontractors that were selected by Mortenson-Hampton with regards to their estimates, the budget and the percentage of those that are local. Yancey pointed out that a list of all the subcontractors selected is posted on the Haymarket website www.haymarketnow.com. Everything is estimated to be within the budget and they will continue to value engineer to find further savings. There is 100% local participation on all of the teams which brings the overall contract ratios to 93% local and 7% out of state.

Beutler inquired about Amtrak's request for an expanded facility and what impact that would have on the cost. Yancey explained that Amtrak is requesting an additional 300 square feet in the building so that their crews can shower and change. The difference in cost will be taken care of with an increased rental agreement with Amtrak.

Snyder asked if there was a plan to deal with the buried rail car. Yancey advised that the environmental team was working to determine if there are any environmental issues and what it would take to either remove the car or remediate it. They will have more information next week.

Snyder asked for any comments from the public. No one came forward.

Item 5 – Bill No. WH 11-60 Resolution approving an Agreement of Purchase and Sale and Leaseback between the West Haymarket Joint Public Agency and USPS providing for the JPA's purchase of USPS Parcel for its appraised fair market value and the lease of the JPA Parcel to the USPS for nominal consideration.

Snyder advised those present that this item will be delayed until the August 9, 2011 meeting.

Item 6 – Bill No. WH 11-61 Resolution approving Amendment No. 6 to the Agreement for Engineering Services with Olsson Associates for additional services for Phase I design of the ITS components for the project.

Chad Blahak with Public Works indicated that this amendment will continue previous work that has been done for the ITS component of the project. The work that was completed previously was a conceptual design for the fiber conduit that will serve the various functions related to the West Haymarket project. This amendment provides for scope to get the conceptual design to a construction design and inserted into the roadway projects. The fiber will be placed under the roadways that are already being torn up as a result of the West Haymarket paving projects. The dollar amount for this phase is approximately \$125,000. The construction for the conduit will be part of the future road project contracts but will be tracked separately in the ITS and dynamic messaging budget line item.

Clare asked if this item was budgeted, if it came in on budget and if it would pass audit standards. Blahak responded affirmatively to all.

Beutler observed that Clare was asking about audit standards and wanted to know if that meant financial audit standards, performance audit standards or a third set of standards that apply to second guessing the judgments of elected officials. Beutler wanted to be clear on the definition because staff cannot vouch for the policy decisions that the Board makes which may be second guessed by an auditor. Clare advised that he is concerned with the paperwork and documents as he wants to make sure that everything is procedurally perfect. All items need to be in order when measured against statutory and City requirements.

Snyder asked for any comments from the public. Hearing none, Clare made a motion to approve the resolution. Beutler seconded the motion. Motion carried 3-0.

Item 7 – Bill No. WH 11-62 Resolution approving an Agreement with TCW Construction, Inc. for the sum of \$674,989.00 to construct the street improvements and install traffic signals identified in the M&N Street Improvements Bid Package 1. The Bid Package improvements generally include the construction of an additional turn lane in 10th Street between K Street and N Street, an additional thru lane in N Street between 9th and 10th Streets, and associated traffic signals. The project also includes a temporary road connecting existing N Street near 6th Street to the new Amtrak station location.

Blahak advised the Board that this resolution represents a piece of the M and N Street project. This component builds an additional turn lane in 10th Street northbound and an additional thru-lane in N Street between 9th and 10th Streets. It also includes a temporary road that extends down N Street to facilitate Amtrak construction and the required traffic signals for the extra lanes in 10th and 9th Streets. The contract came in at approximately \$674,000 which is roughly \$250,000 below estimate. The bid checked out and Blahak is recommending award of this contract.

Snyder asked if the turn lane goes all the way through or if it is intermittent. Blahak stated that it will go from block to block and will terminate at N street. The turn lane will begin between K and L Street north of the driveway that facilitates the entrance to the City/County building's north parking garage. Snyder inquired if any private property will be taken and if all of the

property owners in that area are aware of this plan. Blahak reported that no private property would be taken and that the property owners are aware because they have had to get temporary construction easements from a number of the property owners.

Rick Peo came forward and stated for the record that Regent Clare has a conflict of interest in this matter due to his law firm representing TCW Construction. Pursuant to the Board's Rules of Governance, a 2-0 vote is permissible in this situation as this relates to the West Haymarket facilities and not the arena.

Snyder asked for any comments from the public. Hearing none, Beutler made a motion to approve the resolution. Snyder seconded the motion. Motion carried 2-0.

Item 8 -- Bill No. WH 11-63 Approving the issuance of not to exceed \$100,000,000 of General Obligation Facility Bonds of the West Haymarket Joint Public Agency.

Don Herz requested that the Board approve this resolution but advised that with the uncertainty of the status of the federal government it would be wise to delay delivery of the bonds for at least a week. He asked Scott Keene to come forward to give the Board an update and provide input to the Board about the status of the market.

Scott Keene came forward and stated that Moody's has affirmed the JPA's AA1 rating and Standard & Poor's has affirmed the JPA's AAA rating. His original plan was to deliver the documents to the auction website on Tuesday August 2nd and hold the sale on August 9th. Keene is recommending not delivering the documents because there has been no resolution to the debt ceiling issue. If a resolution comes over the weekend Keene feels the market will still be fairly disrupted and will take some time to adjust to whatever plan comes out of Congress. If a financing goes into the market in this environment it will look like the City and JPA have to have this \$100 million regardless of what the rates are. Truthfully, the money isn't needed for twelve months or more so there is a lot of flexibility as to when this is brought to market. Should a resolution to the debt ceiling be reached over the weekend and the market is calm next week Keene suggests posting the week of August 8th and holding the sale after that. He will watch the market and provide weekly reports to the Board as to where the market is.

Snyder noted that the motion doesn't have a timeline on it as it is written. Keene agreed and stated that the only timeline restriction that exists is that the bonds have to be issued no later than December 31, 2011. If the resolution is approved, it will give Herz the ability to do the final sign off on the financing without having to come back to the Board.

Clare asked what the worst impact could be to this financing with the uncertainty in Washington. Keene explained that it is hard to predict but the market does not like uncertainty. Standard and Poor's has indicated that any compromise reached short of a \$4 trillion package would cause them to downgrade US Government debt to a AA rating. If the compromise does nothing more than bump the debt ceiling to get two to three months down the road, that uncertainty will stay with the market. Current treasury rates already reflect a downgrade, so there is some indication that the AA rating won't dramatically impact interest rates because the US still has one of the strongest currencies and the most liquid forms of debt available worldwide. There is so much trading of US Government treasuries that a drop to a AA rating probably won't have an

immediate run up of interest rates unless there is a greater evaluated risk of default. However, no one is acknowledging that is a possibility at this point.

Beutler asked what the harm would be to put the bonds out for immediate sale if there is a true interest rate cap of 5.25%. Keene indicated that if it were to go in next week with a sale on August 9th it could end up with rates near 5% instead of 4.5% or less due to bidders taking advantage of the turmoil in the market. Keene would prefer to not be the first bond financing to push into the market but would rather come in when there is some certainty that the markets are operating in a fair way with good bids.

Beutler asked if Keene is confident that the compromise or lack of compromise won't cause the turmoil in the market to continue for a long time and raise rates above 5.25%. Keene stated that he believes any solution will have a downgrade tied to it at least from Standard & Poor's and the market will need to have time to assess and evaluate that. Moody's has tried to be proactive and has released a report on the AAA municipal credits they have put on credit watch because so much of the security for their bonds are tied to federal payments. If the federal government is dropped from a AAA rating, their financings will drop as well. They are looking at issuers like the City of Lincoln and the City of Omaha for the level of risk that they have as political subdivisions and what the consequences would be to their budgets if federal payments stop. They are trying to determine those that have risk and those that don't and the market has to work through all of that as well. It's hard to determine whether people will step back from municipal bonds or if they see that the only AAA rated credits left in the country are the City of Lincoln and JPA. There is just too much uncertainty to predict what will happen at this point.

Snyder asked for any comments from the public. Hearing none, Beutler made a motion to approve the resolution. Clare seconded the motion. Motion carried 3-0.

Item 9 -- Set Next Meeting Date

The next meeting will be held on Tuesday August 9, 2011 at 3:30 P.M. in Room 112, City Council Chambers.

Item 10 – Motion to Adjourn

Clare made a motion to adjourn the meeting. Beutler seconded the motion. Motion carried 3-0. Meeting adjourned at 4:07 P.M.

Prepared by: Melissa Ramos-Lammli, Public Works and Utilities